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- and -

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Counsel to the Debtors and Debtors
in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - X
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
:
- - - - - X : **Obj. Deadline: October 23, 2009**
at 5:00 p.m. (ET)

NOTICE OF PROPOSED SETTLEMENT

PLEASE TAKE NOTICE that, on August 10, 2009, the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") entered the Order Pursuant To 11 U.S.C. §§ 105 and 363, and Fed. R. Bankr. P. 2002, 9006, and 9019 Authorizing the Establishment of Procedures to Settle Certain Pre-Petition and Post-Petition Claims and Causes of Action Without Further Court Approval (D.I. 4401, the "Order").¹ A copy of the Order (without exhibits) is annexed as Exhibit 1.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order, the above-captioned debtors and debtors in

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Settlement.

possession (collectively, the "Debtors")² are authorized to negotiate and enter into stipulation and settlement agreements with third parties, subject to the procedures set forth in the Order and outlined herein.

PLEASE TAKE FURTHER NOTICE that, at this time, the Debtors have entered into a stipulation and settlement agreement (the "Settlement") with the Insurance Carriers, a copy of which is annexed as Exhibit 2.

SUMMARY OF SETTLEMENT TERMS³

PLEASE TAKE FURTHER NOTICE that, in accordance with paragraph 10(b) of the Order, the material terms of the Settlement are as follows:

(i) The Proposed Settlement is a Tier II Settlement.

(ii) The Settlement is between the Debtors and Liberty Mutual Fire Ins. Co., Underwriter's at Lloyds Insurance Company, Axis Surplus Lines Insurance Co., Max Specialty Insurance Co., and Lexington Insurance Company (collectively, the

² The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address was 9950 Mayland Drive, Richmond, Virginia 23233 and currently is 4951 Lake Brook Drive, Glen Allen, VA 23060.

³ This section of the notice constitutes a summary of the material terms of the Settlement and is being provided for convenience only and should not be relied upon in any way. All parties are strongly encouraged to review the Settlement in its entirety. In the event there is a conflict between the notice and the Settlement, the Settlement shall control in all respects.

"Insurance Carriers" and together with the Debtors, the "Parties" and each of which is a "Party"),

(iii) Hurricane Ike was a category two (2) hurricane that made landfall along the north end of Galveston Island, Texas on September 13, 2008. Several Circuit City retail stores in Texas suffered extensive property damage because of the severe weather brought about by Hurricane Ike. Moreover, the Debtors were forced to close many of their retail stores to prepare for Hurricane Ike. During this time, the Debtors experienced a significant interruption in business. The Debtors and the Insurance Carriers are parties to a number of insurance contracts (the "Insurance Contracts"); pursuant to which, the Debtors are entitled to recover certain pecuniary losses when such losses were caused by severe weather, such as Hurricane Ike. The Settlement reflects the Parties' agreement as to the value of the reimbursable losses suffered by the Debtors under the Insurance Contracts and the amount of the Hurricane Ike Claim Payment to be made by the Insurance Carriers to the Debtors in connection with those reimbursable losses.

(iv) Upon application of the appropriate deductibles prescribed under the Insurance Contracts, the Insurance Carriers agree to pay \$538,545.05 (the "Hurricane Ike Claim Payment") to the Debtors in full and final satisfaction of the Hurricane Ike Claim.

(v) The Settlement will enable the Parties to beneficially resolve the Debtors' Hurricane Ike Claim without instituting litigation proceedings, thereby avoiding the attendant costs, delays and uncertainty of litigation over any disputed issues that arise in conjunction with the Hurricane Ike Claim. The costs associated with litigation would likely exceed the difference between the Hurricane Ike Claim and the Hurricane Ike Claim Payment; thus,

the Settlement is fair and equitable to all parties in interest.

TIME AND PLACE FOR FILING OBJECTIONS TO THE PROPOSED SETTLEMENT OR REQUESTING ADDITIONAL INFORMATION OR TIME TO CONSIDER THE SETTLEMENT

PLEASE TAKE FURTHER NOTICE that, in accordance with paragraph 10(c) of the Order, any Notice Party may object (each an "Objection") to or request additional time or information (each a "Request") to evaluate the Settlement.

PLEASE TAKE FURTHER NOTICE that all Objections and Requests must be in writing and received by counsel to the Debtors and counsel to the Official Committee of Unsecured Creditors (see information below) by no later **October 23, 2009 at 5:00 p.m. (ET)** (the "Objection Deadline"). Each Objection or Request must be served on (i) the attorneys for the Debtors, (a) Skadden, Arps, Slate, Meagher & Flom, LLP, One Rodney Square, P.O. Box 636, Wilmington, DE 19899, Attn: Gregg M. Galardi (gregg.galardi@skadden.com) and Ian S. Fredericks (ian.fredericks@skadden.com) and (b) McGuireWoods LLP, One James Center, 901 E. Cary Street, Richmond, VA 23219, Attn: Douglas M. Foley (dfoley@mcguirewoods.com) and Daniel F. Blanks (dblanks@mcguirewoods.com), and (ii)(a) Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Blvd., 11th Floor, Los Angeles, California 90067-4100, Attn: Jeff Pomerantz (jpomerantz@pszjlaw.com) and (b) 780 Third Avenue, 36th Floor, New York, NY 10017-2024, Attn: Robert Feinstein (rfeinstein@pszjlaw.com).

PLEASE TAKE FURTHER NOTICE that if you object to the Settlement and you do not want the Debtors to proceed with Settlement or you want the Court to consider your views concerning such Settlement, you or your attorney must also:

file in writing with the Court, Clerk of Court, United States Bankruptcy Court, 701 East Broad Street, Suite 4000, Richmond, Virginia 23219, or electronically (www.vaeb.uscourts.gov), a written Objection pursuant to Local Bankruptcy Rule 9013-1(H). If you mail your Objection to the Court for

filing, you must mail it early enough so the Court will **receive it on or before October 23, 2009 at 5:00 p.m. (ET).**

Any Objection to a Settlement must be submitted by the method described in the foregoing sentence. Objections will be deemed filed only when actually received at the address listed above.

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 10(d) of the Order, if a Notice Party submits a Request, only such Notice Party shall have the later of (i) an additional five (5) days to object to the Settlement or (ii) in the case of a Request for additional information, three (3) days after receipt by the Notice Party of the additional information requested. Each Notice Party may only make one Request for additional time per Settlement Agreement, unless otherwise agreed to by the Debtors in their sole discretion.

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 10(c) of the Order, if no Objection or Request is filed and served upon counsel for the Debtors and counsel for the Committee of Unsecured Creditors or counsel to the Debtors and counsel for the Committee of Unsecured Creditors do not receive a Request prior to the expiration of the Objection Deadline (as may be extended by Requests, if any, the **Debtors shall be authorized to enter into and consummate the Settlement without further order of the Court or any other action by the Debtors.**

Dated: October 13, 2009
Richmond, Virginia

SKADDEN, ARPS, SLATE, MEAGHER &
FLOM, LLP
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Ian S. Fredericks, Esq.
P.O. Box 636
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- and -

MCGUIREWOODS LLP

/s/ Douglas M. Foley
Dion W. Hayes (VSB No. 34304)
Douglas Foley (VSB No. 34364)
One James Center
901 E. Cary Street
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(804) 775-1000

Counsel for Debtors and Debtors
in Possession

EXHIBIT 1

(Order w/out Exhibit(s))

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Counsel to the Debtors and
 Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION

- - - - -	x	:	
		:	
In re:		:	Chapter 11
		:	
CIRCUIT CITY STORES, INC.,		:	1Case No. 08-35653 (KRH)
<u>et al.</u> ,		:	
		:	
Debtors.		:	Jointly Administered
- - - - -	x		

**ORDER UNDER 11 U.S.C. §§ 105 AND 363, AND FED. R. BANKR.
 P. 2002, 9006, AND 9019 AUTHORIZING THE ESTABLISHMENT OF
 PROCEDURES TO SETTLE CERTAIN PRE-PETITION AND POST-
 PETITION CLAIMS AND CAUSES OF ACTION WITHOUT FURTHER COURT
 APPROVAL**

Upon the motion (the "Motion")¹ of the Debtors
 for entry of an order, pursuant to sections 105 and 363

¹ Each capitalized term not otherwise defined herein shall have the meaning ascribed to it in the Motion.

of title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 9006 and 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order authorizing the establishment of procedures to settle certain pre-petition and post-petition claims and causes of action without further court approval; and the Court having reviewed the Motion; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby:

FOUND, DETERMINED, AND CONCLUDED that:

1. Based on the affidavits of service filed, due, proper and adequate notice of the Motion has been given in accordance with the Case Management Order and that no other or further notice is necessary;
2. The Notice Procedures are fair, reasonable, and appropriate.
3. The Settlement Procedures are fair reasonable, and appropriate.
4. The Notice and Settlement Procedures were proposed in good faith.

5. Pursuant to Bankruptcy Rule 9006, cause exists to shorten the applicable notice period in Bankruptcy Rule 2002(a)(3) with respect to each Settlement.

6. Upon the expiration of the applicable Notice Period without an objection or upon resolution of any filed objection after the applicable Notice Period, each Settlement that complies with the Notice and Settlement Procedures shall be deemed (i) fair and reasonable and (ii) to have satisfied the standards under Bankruptcy Code sections 105 and 363 and Bankruptcy Rule 9019.

7. The relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

ORDERED, ADJUDGED, AND DECREED that:

8. The Motion is GRANTED.

9. The Debtors are authorized, but not directed, to compromise and settle Disputed Claims and Cause of Action and Receivable Claims in accordance with the Settlement Procedures.

10. The Debtors shall provide key parties in interest with notice of each proposed Settlement. The Notice Procedures are as follows:

(a) The Debtors shall give written notice, by email or facsimile, if available, or overnight courier if email or facsimile are not available, of each proposed Settlement (the "Settlement Notice") to (i) the United States Trustee, (ii) counsel for the Committee of Unsecured Creditors, (iii) any party to the Settlement, and (iv) the Core Group and 2002 List (collectively, the "Notice Parties").

(b) The Settlement Notice (or the Settlement Agreement) shall specify (i) the identity of the other party to the Settlement, (ii) a summary of the dispute with such other party, including a statement of the Debtors' reasonable estimate of the Settlement Claim amount and the basis for the controversy, (iii) an explanation of why the Settlement of such Settlement Claim is favorable to the Debtors, their estates, and their creditors, and (iv) a copy of the proposed settlement agreement ("Settlement Agreement").

(c) The Notice Parties may object to or request additional time to evaluate the proposed Settlement in writing by no later than 5:00 p.m. (ET) (i) five (5) days for both Tier I Disputed Claims and Tier I Cause of Action and Receivable Claims or (ii) ten (10) days for both Tier II Disputed Claims and Tier II Cause of Action and Receivable Claims (each an individual "Notice Period") and serve such objection or request on counsel to the Debtors and counsel for the Creditors' Committee on or before the

expiration of the applicable Notice. If the Debtors are compromising more than one Disputed Claim and/or Cause of Action and Receivable Claim, the Tier II Notice Period shall apply to such Settlement. If no objection or written request is filed and served upon counsel for the Debtors and counsel for the Creditors' Committee or counsel to the Debtors does not receive a written request for additional information and/or additional time prior to the expiration of the applicable Notice Period, the Debtors shall be authorized to enter into and consummate the Settlement Agreement without further order of the Court or any other action by the Debtors.

(d) If a Notice Party provides a written request to counsel for the Debtors for additional information or time to evaluate the proposed Settlement, only such Notice Party shall have the later of (i) an additional five (5) days to object to the proposed Settlement or (ii) in the case of a request for additional information, three days after receipt by the Notice Party of the additional information requested. Each Notice Party may only make one request for additional time per Settlement Agreement, unless otherwise agreed to by the Debtors in their sole discretion.

(e) If a Notice Party objects to the proposed Settlement within the defined Notice Period for that particular Tier of Disputed Claim or Cause of Action and Receivable Claim, (or the additional period in the case of a Notice Party that has timely requested additional time or information to evaluate the proposed Settlement) (the "Objection Deadline") and the Debtors and such objecting Notice Party are unable to reach a consensual resolution,

the Debtors will not take any further action to consummate the proposed settlement without first obtaining Court approval for that specific Settlement. The Debtors are authorized to schedule the Settlement for a hearing at the next scheduled omnibus hearing following the Objection Deadline (or any subsequent hearing) without filing a separate motion or other pleading.

(f) If the Objection Deadline has passed and no objection has been filed with the Court or request for additional time or information has been received by the Debtors, the Debtors are authorized, but not directed, to file a "Certificate of No Objection" with the Court; provided, further, that each such Certificate shall set forth a statement that no objection was filed or received (or if any objection was filed or received, such objection has been resolved) and no request for additional time or information was received or, if such request was received, the additional period of review has expired.

(g) An objection will be considered properly filed and served only if it is filed with the Court, and actually received by the following parties on or before the Objection Deadline: (i) Clerk of the Bankruptcy Court, United States Bankruptcy Court, 701 East Broad Street - Room 4000, Richmond, VA 23219, (ii) the attorneys for the Debtors, (a) Skadden, Arps, Slate, Meagher & Flom, LLP, One Rodney Square, P.O. Box 636, Wilmington, DE 19899, Attn: Gregg M. Galardi (gregg.galardi@skadden.com) and Ian S. Fredericks (ian.fredericks@skadden.com) and (b) McGuireWoods LLP, One James Center, 901 E. Cary Street, Richmond, VA 23219, Attn: Douglas M. Foley (dfoley@mcguirewoods.com)

and Daniel F. Blanks
(dblanks@mcguirewoods.com), and (iii) (a)
Pachulski Stang Ziehl & Jones LLP, 10100
Santa Monica Blvd., 11th Floor, Los Angeles,
California 90067-4100, Attn: Jeff Pomerantz
(jpomerantz@pszjlaw.com) and (b) 780 Third
Avenue, 36th Floor, New York, NY 10017-2024,
Attn: Robert Feinstein
(rfeinstein@pszjlaw.com).

(h) All time periods set forth in the
Notice Procedures shall be calculated in
accordance with Bankruptcy Rule 9006.

11. Subject to the Notice Procedures, the
Debtors are authorized to compromise and settle Disputed
Claims as follows:

(a) Tier I With respect to Disputed
Claims, the Debtors, in their sole
discretion, may negotiate, execute and
consummate written Settlement Agreements
with the Claimants that will be binding on
the Debtors and their estates without
further action by this Court. The Debtors
may, in full settlement of such Disputed
Claims, grant any Claimant an allowed claim
of an agreed upon priority or administrative
expense claim, as applicable, in an amount
not to exceed \$500,000.

(b) Tier II With respect to Disputed
Claims, the Debtors, in their sole
discretion, may negotiate, execute and
consummate written Settlement Agreements
with the Claimants that will be binding on
the Debtors and their estates without
further action by this Court. The Debtors
may, in full settlement of such Disputed
Claims, grant any Claimant an allowed claim
(priority or non-priority, as the case may

be) or administrative expense claim, as applicable, in an amount greater than \$500,000.

12. Subject to the Notice Procedures, the Debtors are authorized to compromise and settle Cause of Action and Receivable Claims as follows:

(a) Tier I With respect to pre- and post-petition Cause of Action and Receivable Claims, the Debtors, in their sole discretion, may negotiate, execute and consummate written Settlement Agreements with third parties that will be binding on the Debtors and their estates without further action by this Court. The Debtors may, in full settlement of such Cause of Action and Receivable Claims, compromise or settle a Cause of Action and Receivable Claim resulting in a cash payment to the Debtors' estates of a value (i) equal to or greater than seventy-five percent (75%) of the Debtors' original reasonable estimate of the Cause of Action and Receivable Claim amount and (ii) equal to or less than \$1,000,000.

(b) Tier II With respect to pre- and post-petition Cause of Action and Receivable Claims, the Debtors, in their sole discretion, may negotiate, execute and consummate written Settlement Agreements with third parties that will be binding on the Debtors and their estates without further action by this Court. The Debtors may, in full settlement of such Cause of Action and Receivable Claims, compromise or settle a Cause of Action and Receivable Claim resulting in a cash payment to the Debtors' estates of a value equal to (i) more than \$1,000,000 or (ii) less than

seventy-five percent (75%) of the Debtors' original reasonable estimate of the Cause of Action and Receivable Claim amount.

13. To memorialize the Settlements, the Debtors are authorized in their sole discretion, but not directed, to enter into Settlement Agreements substantially in the form of Exhibit A attached hereto; provided, further, that the material terms of each Settlement Agreement may vary depending upon the specific facts and circumstances of each Settlement and nothing herein or therein shall be construed as impairing the Debtors' ability to tailor the form of the Settlement Agreement to each specific Settlement.

14. The Debtors are authorized, but not directed, to resolve all of the Disputed Claims and Cause of Action and Receivable Claims of a single party in a single Settlement Agreement.

15. The Debtors shall provide written notice to Kurtzman Carson Consultants LLC ("KCC"), the Debtors' authorized claims and noticing agent, with respect to any proof of claim settled pursuant to these Settlement Procedures; provided, further, that, if applicable, KCC

is authorized and directed to amend the claims register accordingly without further order of the Court.

16. Following entry of this Order, unless otherwise agreed to between the Debtors and the Creditors' Committee, the Debtors' advisors shall provide weekly updates concerning ongoing settlement discussions to the Creditors' Committee's advisors. These updates shall include, without limitation, non-privileged information mutually agreed to among the parties' advisors. Once the Debtors reach an agreement in principle with a third party, the Debtors shall share the material terms of the Settlement with the Creditors' Committee's advisors. All information shared with the Creditors' Committee's advisors shall be deemed shared subject to the existing confidentiality agreement with the Debtors.

17. Assuming no objection has been filed by the applicable Objection Deadline, immediately after the expiration of the Notice Period (or, in the case of a filed objection that has been resolved, upon filing of a Certificate of No Objection) the Settlement Agreement

shall be deemed to be a final order of this Court for all purposes, including for purposes of any appeal.

18. In the event there is an inconsistency between the Motion and this Order, this Order shall control.

19. The requirement under Local Rule 9013-1(G) of the Local Rules for the United States Bankruptcy Court for the Eastern District of Virginia to file a memorandum of law in connection with the Motion is hereby waived.

20. This Court retains jurisdiction to hear and determine all matters arising from or related to the Motion, this Order or any Settlement.

Dated: Richmond, Virginia
_____, 2009

UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

Gregg M. Galardi, Esq.
Ian S. Fredericks, Esq.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
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- and -

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- and -

/s/ Douglas M. Foley
Dion W. Hayes (VSB No. 34304)
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901 E. Cary Street
Richmond, Virginia 23219
(804) 775-1000

Counsel to the Debtors
and Debtors in Possession

CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I
hereby certify that the foregoing proposed order has
been endorsed by or served upon all necessary parties.

/s/ Douglas M. Foley
Douglas M. Foley

EXHIBIT 2

(Settlement Agreement)

Gregg M. Galardi, Esq.
Ian S. Fredericks, Esq.
SKADDEN, ARPS, SLATE,
MEAGHER & FLOM, LLP
One Rodney Square
PO Box 636
Wilmington, Delaware
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Counsel to the Debtors and
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**SETTLEMENT AGREEMENT AND STIPULATION BY AND AMONG THE
DEBTORS AND THE INSURANCE CARRIERS RESOLVING THE
DEBTORS' HURRICANE IKE INSURANCE CLAIMS**

This settlement agreement and stipulation
(this "Agreement") is entered into by and among the
above-captioned debtors and debtors in possession (the

"Debtors"), on the one hand, and Liberty Mutual Fire Ins. Co., Underwriter's at Lloyds Insurance Company, Axis Surplus Lines Insurance Co., Max Specialty Insurance Co., and Lexington Insurance Company (collectively, the "Insurance Carriers" and together with the Debtors, the "Parties" and each of which is a "Party"), on the other hand.

GENERAL BACKGROUND

WHEREAS, on November 10, 2008 (the "Petition Date"), the Debtors each filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Court") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"); and

WHEREAS, the Debtors have continued as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code; and

WHEREAS, on November 12, 2008, the Office of the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors (the "Creditors' Committee").

WHEREAS, to date, no trustee or examiner has been appointed in these chapter 11 cases.

WHEREAS, on January 16, 2009, the Court authorized the Debtors, among other things, to conduct going out of business sales at the Debtors' remaining 567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going out of business sales pursuant to the Agency Agreement at the Debtors remaining stores. As of on or about March 8, 2009, the going out of business sales concluded.

WHEREAS, the Debtors are authorized under the Court's Order under 11 U.S.C. §§ 105 and 363, and Fed. R. Bankr. P. 2002, 9006, and 9019 authorizing the Establishment of Procedures to Settle Certain Pre-petition and Post-Petition Claims and Causes of Action without Further Court Approval entered August 10, 2009 (D.I. 4401; the "Settlement Procedures Order")¹ to enter

¹ All capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Settlement Procedures Order.

into this Agreement, subject to the Notice Procedures;
and

SETTLEMENT BACKGROUND

WHEREAS, Hurricane Ike was a category two (2) hurricane with sustained 110 mile per hour winds that made landfall along the north end of Galveston Island, Texas on September 13, 2008.

WHEREAS, Hurricane Ike caused serious storm surges, heavy rainfall, flooding, and tornadoes in certain parts of Texas, Louisiana, and Arkansas.

WHEREAS, several Circuit City retail stores in Texas suffered extensive property damage because of the severe weather brought about by Hurricane Ike. Moreover, the Debtors were forced to close many of their retail stores to prepare for Hurricane Ike. Many of the Debtors' retail stores remained closed in the days following Hurricane Ike in order to repair the damage caused by the hurricane. During this time, the Debtors experienced a significant interruption in business.

WHEREAS, The Debtors and the Insurance Carriers are parties to a number of insurance contracts (the "Insurance Contracts"). Pursuant to the terms of the

Insurance Contracts, the Debtors are entitled to recover certain pecuniary losses when such losses were caused by severe weather, such as Hurricane Ike. Specifically, and for the purposes of this Settlement Agreement, the Debtors are entitled to recover (1) losses to real and personal property, (the "Property Damage Claim"), and (2) a portion of the business income and other pecuniary losses suffered as a result of the business interruptions caused by Hurricane Ike (the "Business Interruption Claim") (together with the Property Damage Claim, the "Hurricane Ike Claim").

WHEREAS, in connection with the Hurricane Ike Claim, the Debtors retained Navigant Consulting ("Navigant") to perform forensic analysis necessary to compute the value of all the Debtors' losses suffered as a result of Hurricane Ike.

WHEREAS, the Debtors calculated that their total losses were approximately \$1,119,008.74. More specifically, the Debtors valued their Property Damage Claim at \$109,434.07 and their Business Interruption Claim at \$984,235.00. An additional claim of \$25,339.27

was also submitted on account of Navigant's professional fees (the "Navigant Claim").

WHEREAS, the Hurricane Ike Claim was subject to various deductibles, which are calculated differently depending on the nature of the loss.

WHEREAS, under the terms of the Insurance Contracts, different deductibles could apply to the Property Damage Claim depending on the geographic location where the property damage occurred. Specifically, a higher deductible is applied to losses suffered on account of named windstorms in Tier 1 counties because, based upon their geographic location, Tier 1 counties experience a higher incidence of named storms and hurricanes. The applicable deductible for property damage due to severe weather, such as Hurricane Ike, in a Tier 1 county is equal to five percent (5%) of each damaged location's insured value. In non-Tier 1 counties, the deductible is \$100,000. The Debtors' properties that sustained physical damage due to Hurricane Ike were located predominantly in Tier 1 counties.

WHEREAS, the deductibles for business interruption losses are calculated on a store-by-store percentage basis. As with the Property Damage Claim, the deductibles are equal to five percent (5%) of each location's insured value. In order to calculate the business interruption loss, the Debtors calculated revenues less continuing expenses, as a percentage, for each affected store ("Step One"). Then lost sales for each store were calculated, taking into account historical performance for those locations, and the number of days the stores were closed due to Hurricane Ike ("Step Two"). The total amount of business interruption loss is the product of Step One and Step Two.

WHEREAS, the Insurance Carriers contended that not all of these losses were reimbursable losses under the Insurance Contracts.

WHEREAS, the parties wish to resolve the Hurricane Ike Claim in its entirety by this Agreement;

NOW THEREFORE, subject to and in accordance with the Settlement Procedures Order, for good and valuable consideration the receipt and sufficiency of

which is hereby acknowledged, the Parties hereby
STIPULATE AND AGREE AND IT IS HEREBY ORDERED that:

1. The Debtors' Hurricane Ike Claim shall be valued at \$909,839.71. More particularly, the Parties agree to value the Debtors' Property Damage Claim at \$81,791.04, the Business Interruption Claim at \$803,159, and the Navigant Claim at \$24,889.67.

2. With respect to the Property Damage Claim, the Parties agree that the five percent (5%) deductible applies to the losses suffered as a result of Hurricane Ike because most of the Debtors' properties that suffered damage were located in Tier 1 counties; provided, further, that the parties agree that the applicable deductible is \$69,725.66; provided, further, that after the specific deductible for each location was calculated and applied, the Parties agree that the Debtors shall recover \$12,065.38 on account of their Property Damage Claim.

3. With respect to the Business Interruption Claim, the parties agree that the total deductible is \$301,569.00; provided, further, that after the applicable deductibles were subtracted from the total

amount of business interruption loss for each affected location, the Parties agree that the Debtors shall recover \$501,590.00 on account of their Business Interruption Claim.

4. Upon application of the appropriate deductibles described above, the Insurance Carriers agree to pay \$538,545.05 (the "Hurricane Ike Claim Payment") to the Debtors in full and final satisfaction of the Hurricane Ike Claim. The Hurricane Ike Claim Payment shall be remitted to the Debtors by the Insurance Carriers, in the amounts set forth below, within five business days after the expiration of the ten (10) day Notice Period provided for in the Settlement Procedures Order.

5. The Hurricane Ike Claim Payment shall be apportioned among the various Insurance Carriers as follows:

- (a) Max Specialty Insurance Company shall pay five percent (5%) of the Hurricane Ike Claim Payment, \$26,927.25;
- (b) Axis Surplus Lines Insurance Company shall pay fifteen percent (15%) of the Hurricane Ike Claim Payment, \$80,781.76;

- (c) Liberty Mutual Fire Insurance Company shall pay ten percent(10%) of the Hurricane Ike Claim Payment, \$53,854.51;
- (d) Underwriter's at Lloyds Insurance Company shall pay ten percent(10%) of the Hurricane Ike Claim Payment, \$53,854.51; and,
- (e) Lexington Insurance Company shall pay sixty percent (60%) of the Hurricane Ike Claim Payment, \$323,127.03.

6. Neither this Agreement, nor any statement made or action taken in connection with the negotiation of this Agreement, shall be offered or received in evidence or in any way referred to in any legal action or administrative proceeding among or between the parties hereto, other than as may be necessary (a) to obtain approval of and to enforce this Settlement Agreement or (b) to seek damages or injunctive relief in connection therewith.

7. Each of the Parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary or appropriate in conjunction with the performance of their respective obligations hereunder.

8. No provision of this Settlement Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any person other than the parties hereto and their respective successors.

9. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Virginia without regard to any choice of law provisions.

10. This Agreement may be signed in counterpart originals and delivered by facsimile or email, which, when fully executed, shall constitute a single original.

11. This Agreement constitutes the entire agreement and understanding of the parties regarding the Agreement and the subject matter thereof.

12. The United States Bankruptcy Court for the Eastern District of Virginia shall retain exclusive jurisdiction (and the parties consent to such retention of jurisdiction) with respect to any disputes arising from or related to, or other actions to interpret,

administer or enforce the terms and provisions of, this Agreement.

13. Each person or entity who executes this Settlement Agreement on behalf of another person or entity represents and warrants that he, she, or it is duly authorized to execute this Agreement on behalf of such person or entity, has the requisite authority to bind such person or entity, and such person or entity has full knowledge of and has consented to this Agreement. The representations and warranties set forth in this paragraph shall survive execution of this Agreement.

14. This Agreement is effective upon the later of (i) execution by all parties and (ii) the expiration of the applicable Notice Period.

15. This Agreement shall not be modified, altered, amended or vacated without the written consent of all parties hereto or order of the Bankruptcy Court.

IN WITNESS WHEREOF, this Agreement is hereby
executed as of the later of the dates set forth below.

ACCEPTED AND AGREED TO BY:

CIRCUIT CITY STORES, INC.

By: _____

Dated: _____

Michelle Mosier
Controller & Chief Accounting Officer
Circuit City Stores, Inc.
4951 Lake Brook Drive
Glen Allen, VA 23060

THE INSURANCE CARRIERS

By: _____

Dated: _____

Paul Schaetzle
Executive General Adjuster
York Claims Service, Inc.
1 Whitehall St.
New York, NY 10004

IN WITNESS WHEREOF, this Agreement is hereby
executed as of the later of the dates set forth below.

ACCEPTED AND AGREED TO BY:

CIRCUIT CITY STORES, INC.

By: Michelle Mosier

Dated: October 8, 2009

Michelle Mosier
Controller & Chief Accounting Officer
Circuit City Stores, Inc.
4951 Lake Brook Drive
Glen Allen, VA 23060

THE INSURANCE CARRIERS

By:

Paul Schaetzle

Dated:

Oct. 8, 2009

Paul Schaetzle
Executive General Adjuster
York Claims Service, Inc.
1 Whitehall St.
New York, NY 10004